Enterprise

OPPORTUNITY ZONES

TO SUPPORT THE DEVELOPMENT OF AFFORDABLE & WORKFORCE HOUSING PROPERTIES IN QUALIFIED OPPORTUNITY ZONES NATIONALLY

Eligible Sponsors	For-profit or not-for-profit housing developers or subsidiaries thereof (the "Sponsor") with substantial prior experience and a demonstrated track record of successfully owning and operating multifamily properties. Sponsors must be financially strong, with a minimum of $1 million in liquidity and $5 million in net worth.
Eligible Projects	■ New construction or major rehabilitation of workforce housing, multifamily or select mixed-use projects located in Qualified Opportunity Zones. ■ Projects will have at least 51% of their units occupied by and affordable to households with incomes less than 80% of the area median income, to be verified by annual tenant income certifications by Sponsor. ■ Priority geographies for projects closing by June 30, 2022 include: Denver, Seattle, Tacoma and other locations in Western U.S.
Social Impact	■ Increase supply of affordable and workforce housing properties for long-term stewardship and affordability. ■ Green eligible projects through low cost/high impact strategies. ■ Promote equitable community development, including local / BIPOC engagement and/or benefit
Investment Size	■ Minimum equity investment of $4 million and maximum equity investment of $15 million per project. ■ Expected average equity investment of $8 million to $9 million per project. ■ Enterprise Opportunity Zones investment may be used in conjunction with Enterprise loan products.
Ownership Structure	■ Minimum 10% Sponsor co-investment. ■ Ownership entity will be subject to an Operating Agreement, which will delineate roles and responsibilities of the Administrative Member (generally an affiliate of the Sponsor) and the Class B Members (Sponsor Member and Enterprise Member).
Allowable Debt	Projects will be financed by construction loans not to exceed 80% LTC with average of 65% LTC. Enterprise will not guarantee these loans. Permanent debt will be financed primarily by programs such as FHA, Fannie Mae and Freddie Mac. Leverage shall be limited to a maximum of 80% LTV and minimum 1.25 debt service coverage (on amortizing debt service). These loans will be secured by the property and will be on terms and in amounts acceptable to Enterprise.
Investment Term	Minimum 10-year hold, subject to agreed-upon extensions.

Distributions	▪ Typically, distributions will first be made pro rata according to ownership interests until a Preferred Return has been achieved. ▪ Preferred Returns and waterfall provisions will be negotiated on a case-by-case basis, based on the risk/return profile of the investment, geographic location, strength of the real estate and submarket. Pari passu and preferred equity waterfall structures will be considered. ▪ Cash distributed during operations will be required on the most frequent basis permitted by the lender and subject to Opportunity Zone compliance, typically quarterly. ▪ Sponsor's and Enterprise's original capital contribution will be returned upon sale or refinancing, and any surplus will be distributed between the Sponsor and Enterprise according to the negotiated waterfall provisions.
Due Diligence	The following due diligence is required for Enterprise to preliminarily assess an investment in a particular project: ▪ Summary of Investment Strategy and Offering Memorandum, if available ▪ Development & Operating Budgets ▪ 10-year Cash Flow Projection with Residual Analysis ▪ Projected IRR and return analysis
Reporting	Enterprise will require monthly occupancy and unaudited financial statements, annual audited financial statements, annual tax returns, and triennial property appraisals. Additionally, an annual compliance certificate, prepared and supported by accountants as necessary, affirming compliance with the Opportunity Zone regulations and requirements to the satisfaction of Enterprise, as defined in Operating Agreement.

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